Nova Scotia
Film Development
Corporation

PROGRAM GUIDELINES
OF THE
NOVA SCOTIA FILM DEVELOPMENT CORPORATION

For details on programs
please contact:

Program Administrator
Nova Scotia Film Development Corporation

(902) 424-7177 (phone)
(902) 424-0617 (fax)
e-mail: novascotia.film@ns.sympatico.ca
website: www.film.ns.ca

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NOVA SCOTIA FILM DEVELOPMENT CORPORATION

About the Corporation

The Corporation is a Crown Corporation which reports to the Minister of the Department of Economic Development and Tourism. It was created by an Act of the Legislature, proclaimed on August 1, 1990. The following statement outlines and reflects the Corporation's mission and the beliefs of the staff and Board of Directors as they relate to today's marketplace.

- **To assist and promote the development of the private-sector film and video industry in the Province in the areas of funding, marketing, promotion, training and education. Create and stimulate employment and investment and encourage the making of film and video productions in the Province.**

The Corporation offers a program of loans and investment to support film and video production in Nova Scotia, and it administers the Nova Scotia Film Industry Tax Credit on behalf of the Province of Nova Scotia. The following document outlines the guidelines governing these programs.

In addition, the Corporation offers Production Services, including a locations resource and reference centre and support to professional development, training, marketing and distribution, for the Nova Scotia film industry.

Eligibility for Programs

The Corporation's funding programs are designed to assist and promote the development of the private-sector film and video industry in Nova Scotia.

In addition, the NSFDC has partnered with MT&T to provide access to New Media program funds for a three-year period ending in the year 2000.

The eligibility criteria for funding programs are designed to ensure maximum employment and growth in the Nova Scotia Film, Video and New Media Industries.

Eligible Applicants - Development Loans and Equity Investment

Applicants must be Nova Scotia residents. For purposes of these Guidelines, a "Nova Scotia resident" is a person who has maintained a principal residence for tax purposes in Nova Scotia for at least 12 consecutive months immediately prior to the date of application to a funding program or if a legal person (i.e. a company):

- a company that is at least 51% owned by Nova Scotia residents,

  or

- a company with a full production office facility based in Nova Scotia for at least 12 consecutive months immediately prior to the date of application, or one of it's wholly owned production companies.

In the case of co-productions, the Nova Scotia production company applying must:

- be at least 25% owned and controlled by a Nova Scotian resident, as defined, or own and control at least 25% of the rights to the production.

- have a corresponding share of the revenues of the production at terms no less favourable than those of the non-Nova Scotia resident partners.

In addition, for a co-production to be eligible for any funding program, the proportion of the total production budget expended in Nova Scotia must at least equal the percentage of Nova Scotian ownership.

Applications for television series must include all the episodes of a cycle, and may not include any episodes from any other cycle.

All funding from the Corporation is provided in stages throughout the Production.

Eligible Productions

The NSFDC has five distinct categories that a production may fall in to, in order to qualify for funding. They are:

Features:	dramatic, documentary and animated programs intended for distribution to and exhibition on television (including pay and pay-per-view), cinema, video or other mode of transmission.
TV Series:	drama, variety, performing arts, animated or information series, including pilot productions.
TV Mini-Series:	short, dramatic series of two to ten episodes with continuing plot and characters.
TV Specials:	single television programs of drama, documentary or performing arts.
Non-theatrical (New Media Fund only)	individual programs or series whose primary exhibition will be in a non-theatrical, non-commercial broadcast setting such as schools, universities, libraries or exhibited on non-traditional modes of transmission

For interactive Productions eg. CD-ROM and DVD please refer to "New Media Program Guidelines for Interactive Production" available at the NSFDC office.

In order for a project to be evaluated the following should be kept in mind:

- A project's financing plan must be in an acceptable format, (e.g. Telefilm).
- All productions must have a full marketing plan. This must include an analysis of potential sales and markets, and an overall strategy for achieving the projected sales.
- Deferrals will be part of the project evaluation. Deferrals cannot be more than 33% of the project's budget.
- Projects with budgets above $500,000.00 require an audited cost report breaking out the Nova Scotia labour. Projects with budgets between $100,000.00 and $499,999 require a review and engagement report breaking out the Nova Scotia labour. Projects under $100,000 require the producer's certification of the final cost report breaking out the Nova Scotia labour. The Corporation has the right to request an audited cost report on any project and the producer shall be obligated to provide the report.

Distribution Policy

1) Arms Length Distributor

Distribution advances can be paid back in advance of equity investors.

2) Related Company Distributor

Distribution advances will be dealt with on a case-by-case basis.

The preferred policy is that distribution advances from related party companies will be paid back on a pro-rata basis with the equity investors.

Commissions and expenses must be reasonable in the circumstances and in keeping with industry standards at the time.

COMPLETE and ACCURATE DOCUMENTATION is required for all applications and is to be submitted on or before the Corporation's stated program deadlines. **If all documentation is not complete when the application is received, it will not be reviewed.** Applicants may re-submit **completed** applications for the next submission deadline. Applications must be received in the NSFDC office by 5:00 P.M. on the date of the applicable deadline. If not received by this time, the application will not be reviewed.

All applications shall be adjudicated based on the following KEY COMPONENTS:

- Nova Scotia Labour as a percentage of total budget
- Opportunity for recoupment
- Business Plan for the production company
- Marketing Plan for the production
- Nova Scotia Content
- Project funding history with the Corporation (if applicable)
- Production company information

All applications shall be adjudicated together with all project applications received by applicable deadlines.

Allocation of NSFDC funding is based on three programming reviews beginning annually in April on a formula of:

- Spring – approximately 50% of annual program funds
- Summer – approximately 25% of annual program funds
- Fall – approximately 15% of annual program funds
- Winter – approximately 10% of annual program funds

The Board of the NSFDC has complete discretion to override this formula as required.

Funding

General Summary

The Corporation will support film and video development and production through these major types of funding.

I. Development Loans

Projects at the development stage can be supported through loans of up to one-third of the development budget. Development funding is provided in two phases.

II. Equity Investment

The Corporation will support production through equity investments advanced in stages throughout the production.

A detailed description of each program follows this summary:

Application forms and contracts in each of the categories *shall* specify the Corporation's requirements.

For interactive Productions eg. CD-ROM and DVD please refer to "New Media Program Guidelines for Interactive Production" available at the NSFDC's office.

The Funding Process

1. **Application Deadline** - Applications must be received in the NSFDC office by 5:00 P.M. on the date of the applicable deadline. If not received by this time, the application will not be reviewed.

2 **Adjudication** - once applications are received by the deadline date, they shall be adjudicated by the Corporation. It is important to note that **COMPLETE** and **ACCURATE DOCUMENTATION** is required for all applications and is to be submitted on or before the Corporation's stated program deadlines. If the application is not complete when it is received, it will not be reviewed. Applicants may re-submit **completed** applications for the next submission deadline. All applications will be adjudicated based on the **following KEY COMPONENTS**:

- Nova Scotia Labour as a percentage of total budget
- Opportunity for recoupment
- Business Plan for the production company
- Marketing Plan for the production
- Nova Scotia Content
- Project funding history with the Corporation (if applicable)
- Production company information

There are two stages to the adjudication process.

- Stage one: staff review
- Stage two: Board of Directors review

All final funding decisions are made by the NSFDC's Board of Directors

3. **Reporting to Applicant** - once a decision has been made, the applicant shall receive a written response to their application. Applicants may submit a written request for a review of their specific project adjudication.

1. Development Loans

a. Objectives

The Corporation will provide a loan to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis, and costing. Support for the development of a project does not, in any way, guarantee funding by the Corporation in later stages of the project.

b. Financing*

The Corporation will apportion its development funding in two phases for non-series projects as follows:

Phase One – Conception and Development of First Draft Script
At this stage, the Corporation will advance a maximum of $10,000 for the option or acquisition of rights, scriptwriter's and editor's fees, research, required travel expenses, normal overhead, and producer's fees. At the end of this phase of development, the producer will be required to provide a completed first draft script and a cost report. The Corporation's contribution cannot exceed 33% of the budget.

Phase Two – Shooting Script and Production Development
At this stage, the Corporation will advance a maximum of $15,000 for precasting and preliminary search for shooting locations as required for scriptwriting, required travel expenses, normal overhead, producer's fees, preliminary shooting schedule, preparation of a marketing plan, preparation of the final budget, and completion of a shooting script. At the end of this phase, the producer will be required to provide a shooting script, a production budget, a marketing plan, and a cost report. The Corporation's contribution cannot exceed 33% of the budget.

A producer may apply for Phase Two development without having received Phase One development.

The Corporation requires the corporate guarantee of the applicant. The Corporation may, at its discretion, require other guarantees. The Corporation will hold a secured interest in the project until the loan is repaid. The Corporation will acquire a proportional interest in the project with a first option/last refusal to participate in the production.

The Corporation also requires letters of interest from a distributor and/or broadcaster (*not* required for feature films). Evidence of all committed development financing is required prior to finalising contracts.

Development loans are interest free and are repayable on the earlier of:

(a) the first day of principal photography or production, or
(b) on the optioning, sale or transfer of the property to a third party, or other disposition of the property.

For series projects the full $25,000 of funding may be accessed in one stage. All of the criteria outlined for non-series projects in Phase One and Phase Two apply for series applications.

* **It should be noted that if the intention is to apply for an equity investment an application must be made at least 60 days prior to the loan maturing. If the Corporation does not wish to participate as an equity investor, the loan is due as per the original contract.**

For interactive Productions eg. CD-ROM and DVD please refer to "New Media Program Guidelines for Interactive Production" available at the NSFDC office.

Projects in development will be reviewed periodically. When a development budget has been approved, but the Producer is unable to demonstrate that the funds advanced by the Corporation have been used for the stated purpose, the Corporation will cancel or reduce its participation in the project and funds already advanced will become repayable, in whole or in part.

c. Funding Process

If the Corporation decides to participate in a production, it will issue a Letter of Commitment valid for 60 days, conditional upon receipt of all outstanding documentation and confirmation of all committed funding, and setting out the terms and conditions of the Corporation's funding.

II. Equity Investment

a. Objectives

Production assistance is provided in the form of equity investment to eligible producers for the financing of productions.

b. Financing

i. General

The Corporation may invest in a qualifying film or video production up to one-third of that portion of the production budget that is to be expended in Nova Scotia, to a maximum dollar participation per project of $200,000.

ii. Film Tax Credits*

The Nova Scotia Film Tax Credit, as well as the Federal Tax Credit and any other provincial tax credits, are considered to be producer's equity and must be included in the production's financing structure if the producer is eligible.

In the event that the total aggregate of all tax credits is less than the initial budgeted amount, the producer will invest an amount equal to the difference between the initial budgeted amount and the actual total aggregate tax credit.

In the event that the total aggregate of all tax credits is greater than the initial budgeted amount, the amount in excess will be considered Production Revenue and disbursed according to the Recoupable Cost of Production.

iii. Financing Commitments

The Corporation requires confirmation of an acceptable participating broadcaster or distributor. The Corporation also requires letters of financial commitment/agreements with all distributors and/or broadcasters. Evidence of all committed equity financing is required prior to finalising contracts.

**** For information on Tax Credit Application refer to Section IV.***

c. Funding Process

If the Corporation decides to participate, it will issue a Letter of Commitment valid for 60 days, outlining the major terms and conditions of the Production Financing Agreement, the signing of which shall be subject to the completion of any other financing arrangements and outstanding conditions. One 30-day extension may be granted at the discretion of the Corporation.

The Financing Agreement between the Corporation and the producer will detail the terms and conditions of the investment specifying the disbursement schedule for funds, recoupment schedules, profit participation, and reporting requirements.

IV. Nova Scotia Film Tax Credit Information

The Nova Scotia Film Tax Credit is a fully refundable corporate income tax credit administered by the Nova Scotia Film Development Corporation (NSFDC) for the Nova Scotia Department of Finance. The program encourages the development, training and hiring of Nova Scotia film personnel in all disciplines.

- The Nova Scotia Film Tax Credit is a provincial corporate tax credit.
- On April 1, 1995, the Nova Scotia Film Tax Credit replaced the Nova Scotia Film Labour Rebate program.
- The tax credit provides incentives to the private film and television production industry to create economic growth in the Province.
- The credit is a refundable corporate tax credit of 30-35% of the eligible Nova Scotia Labour to a maximum of 15-17.5% of the total production budget.
- Once the production company's final audited cost report breaking out the eligible Nova Scotian labour expenditure is submitted for review, the Nova Scotia Department of Finance may issue a certificate to be filed with the production company's corporate tax return.
- The credit is considered part of a producer's equity in any production in which the Corporation is an investor.
- At least 25% of the total salaries and wages must be paid in Nova Scotia to eligible employees.
- For more information a Tax Credit Guideline package is available at the office of the Corporation.

TRAVEL ASSISTANCE FOR MARKET DEVELOPMENT

A. Objectives

To assist Nova Scotian producers of film, video and multi-media to develop new markets for Nova Scotian productions, and to assist in the making of professional contacts that may lead to co-production opportunities which shall bring investment to Nova Scotia.

B. Financing

The Corporation shall assist eligible applicants with the costs of travel to industry related trade shows, conferences, festivals and similar events where there is a demonstrated potential for fulfilling policy objectives and providing economic and cultural benefits to the Province.

Funds shall be provided for up to one-third of eligible travel costs to a maximum of $750 per individual. Companies and organizations may request assistance for up to two persons. **Individuals will be limited to 1 trip per fiscal year.**

C. Eligible Applicants

Nova Scotian producers with a new project completed. Applicants must be Nova Scotia residents. See "Eligibility" for definition of Nova Scotia resident. For future requests consideration will be given to the producers demonstrating results on projects that accessed funding through this program.

D. Application Process

(1) A detailed application must be submitted including objectives for the proposed travel and a travel budget showing all related costs and sources of support.

(2) Applicants must demonstrate the appropriateness of the event for which assistance is requested to either their professional career, or, in the case of companies, to the development of their overall business objectives.

(3) Upon return from the event, the applicant must provide the Corporation with copies of all eligible receipts and a completed report on the extent to which the original objectives were met, and the value of the event to Nova Scotia filmmakers.

(4) Credit must be given to the Nova Scotia Film Development Corporation in any printed materials or publicity releases related to the applicants' participation in the event, and a copy of all materials provided with final report.

Nova Scotia Film Development Corporation
Equity Investment Application

A. GENERAL INFORMATION

1. Title of Project: _____

2. Company Name and Contact: _____

   Is your company incorporated? _____

3. Address: _____
   _____
   _____
   _____

   Telephone: _____
   Fax: _____

4. Nova Scotia Company Registration Number: _____

5. Date of Incorporation/Registration: _____

6. Your Lawyer's Name and Address: _____
   _____
   _____
   _____

   Telephone: _____
   Fax: _____

7. Your Accountant's Name and Address: _____
   _____
   _____
   _____
   _____

   Telephone: _____
   Fax: _____

8. Your Bank's Name and Address and the Name of Your Account Representative:

_____

_____

_____

_____

Telephone: _____

Fax: _____

B. ADDITIONAL MATERIAL

Applicant must provide the following documentation:

1. Complete details of production, shooting schedule, cast and crew lists, etc.;
2. A detailed production budget showing Nova Scotia expenditure;
3. 1 copy of final script;
4. 1 copy of original literary property, where applicable;
5. Literary property agreement(s), where applicable;
6. Agreement(s) pertinent to the writing of the screenplay;
7. Resumes and background information for producers, screenwriters, etc.;
8. Letter of financial commitment/Agreement(s) with distributor/broadcaster;
9. Evidence of all committed development financing **(NOTE: all available tax credits must be calculated and included in the financing structure as producer's equity)**;
10. A proposed recoupment schedule;

11. (a) *Most recent financial statement of applicant corporation and any related corporations; and
    (b) *Name, address, citizenship and number of shares (common and preferred) for all shareholders.
    (*Note: This information will be kept confidential – **it must be provided for each application**)

12. Letter of permission to discuss the project with other financial participants and broadcasters/distributors.

13. Please explain briefly how the key components on Page 6 of the guidelines are applicable to the project.

14. Any additional information relevant to this application.

C. PROJECT INFORMATION

1. **Name of Screenwriter(s):** _____

2. **If the script is based on another work:** _____

   (Title of work) _____

   (Name of Author) _____

   (Citizenship) _____

NSFDC Equity Investment Application
Page 4

3. Production Staff:

	Canadian Citizen/ Landed Immigrant	Nova Scotia Resident
Producer(s)	_____	_____
Executive Producer	_____	_____
Director	_____	_____
Production Manager	_____	_____
Director of Photography	_____	_____
Prod. Designer/Art Dir.	_____	_____
Editor	_____	_____
Music Composer	_____	_____

4. Principal Performers:

Name	Citizenship	Role
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. Project Category:

Feature Film	( )
Made for TV Feature	( )
Mini Series	( )
TV Special	( )
Pilot	( )
Non-Theatrical/New Media	( )

6. Original Version:

English _____
French _____
35mm _____
16mm _____
Video _____
Other _____
Inch Colour _____
# of Segments _____
Length in Minutes _____

7. Proposed Locations and Dates for Shooting:

_____

8. Studios, Laboratories and Post-Production Facilities:

_____

9.

Project Financing		Projected	Committed
NSFDC_____		$_____	$_____
Telefilm_____		$_____	$_____
Distributor/Sales Agent (Can)		$_____	$_____
(Foreign)		$_____	$_____
Pay TV_____		$_____	$_____
Broadcaster_____		$_____	$_____
Private Investment_____		$_____	$_____
Producer _____		$_____	$_____
Tax Credit *			
a)	NS Film Tax Credit	$_____	$_____
b)	Federal Tax Credit	$ _____	$_____
	Totals:	$_____	$_____
	TOTAL BUDGET FOR PRODUCTION		$_____

* considered as equity investment by producer

10. Your Completion Guarantor Name and Address: _____

_____

_____

_____

_____

Telephone: _____

Fax: _____

11. For what other project(s) have you received assistance from the Province of Nova Scotia?

_____

12. Has this project received previous financial assistance, including development assistance, other than as listed above?

Amount $_____

Date Received _____

From Whom _____

13. Has this project had any other title(s)? If yes, specify:

_____

The undersigned certifies that the information provided herein and attached is accurate and complete and that he/she has read and complied with the NSFDC's guidelines.

_____ _____

Signature **(Print Name)**

Date: _____

Nova Scotia Film Development Corporation
Development Application

Phase One ( ) **Phase Two ( )** ***note: Check only one***

A. GENERAL INFORMATION

1. Title of Project: _____

2. Company Name and Contact: _____
_____

Is your company incorporated? _____

3. Address: _____
_____
_____
_____

Telephone: _____
Fax: _____

4. Nova Scotia Company Registration Number: _____

5. Date of Incorporation/Registration: _____

6. Your Lawyer's Name and Address: _____
_____
_____
_____

Telephone: _____
Fax: _____

7. Your Accountant's Name and Address: _____
_____
_____
_____

Telephone: _____
Fax: _____

8. Your Bank's Name and Address and the Name of Your Account Representative:

_____

_____

Telephone: _____

Fax: _____

B. ADDITIONAL MATERIAL

You must provide the following documentation:

1. A detailed description of what you intend to accomplish in development;
2. For **Phase Two** applicants only, a draft script;
3. A schedule for development ;
4. A detailed development budget;
5. 1 copy of the treatment, outline or screenplay;
6. 1 copy of the original literary property, where applicable;
7. Literary property agreement(s) where applicable;
8. Agreement(s) pertinent to the writing of the screenplay;
9. Resumes and background information for producers, screenwriters, etc.;
10. Evidence of all committed financing;
11. A letter of interest from a Broadcaster or Distributor **(not required for feature film applicants)**
12. A proposed production budget showing Nova Scotia expenditure; and
13. Proposed distribution plans for the completed project and/or letters of intent/commitment from distributors or broadcasters for television projects. (letters of interest are not required at this stage of development for feature film projects)

13. (a) *Your most recent financial statement and any related corporations; and
(b) *Name, address, citizenship and number of shares (common and preferred) for all shareholders.
(* Note: This information will be kept confidential – **it must be provided for each application)**

14. Letter of permission to discuss the project with other financial participants and broadcasters/distributors.

15. Please explain briefly how the key components on Page 6 are applicable to the project.

16. Any additional information relevant to this application.

C. PROJECT INFORMATION

1. **Production Staff:**

	Canadian Citizen/ Landed Immigrant	Nova Scotia Resident
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

2. **If the script is based on another work:**

(Title of work) _____

(Name of Author) _____

(Citizenship) _____

3. Project Category:

Feature Film	_____
Made for TV Feature	_____
Mini Series	_____
TV Special	_____
Pilot	_____
Non-Theatrical/New Media	_____

4. Original Version:

English	_____
French	_____
35mm	_____
16mm	_____
Video	_____
Other	_____
Inch Colour	_____
# of Segments	_____
Length in Minutes	_____

5. Proposed Locations and Dates for Shooting:

_____

_____

_____

6. Project Financing (Maximum NSFDC of $10,000 for Phase One applicants; $15,000 for Phase Two applicants)

(a) Development	Projected	Committed
NSFDC_____	$_____	$_____
Telefilm_____	$_____	$_____
Distributor_____	$_____	$_____
Pay TV_____	$_____	$_____
Broadcaster_____	$_____	$_____
Private Investment_____	$_____	$_____
Producer_____	$_____	$_____
Other_____	$_____	$_____
_____	$_____	$_____
Totals:	$_____	$_____
TOTAL BUDGET FOR DEVELOPMENT		$_____

(b) Production

NSFDC_____	$_____	$_____
Telefilm_____	$_____	$_____
Distributor_____	$_____	$_____
Pay TV_____	$_____	$_____
Broadcaster_____	$_____	$_____
Private Investment_____	$_____	$_____
Producer_____	$_____	$_____
Other_____	$_____	$_____
_____	$_____	$_____
Totals:	$_____	$_____
TOTAL BUDGET FOR PRODUCTION		$_____

7. For what other projects has the applicant received assistance from the Province of Nova Scotia?

_____

8. Has this project received previous financial assistance other than as listed above?

Amount $_____

Date Received _____

From Whom _____

9. Has this project had any other title(s)? If yes, specify:

_____

The undersigned certifies that the information provided herein and attached is accurate and complete and that he/she has read and complied with the NSFDC's guidelines.

_____ _____

Signature **(Print Name)**

Date:_____